

DATE ISSUED: September 6, 2000

REPORT NO. 00-172

ATTENTION: Honorable Mayor and City Council  
Docket of September 12, 2000

SUBJECT: Joint Powers Agreement between the San Diego County Water Authority and the City of San Diego to establish THE CENTRE for Organization Effectiveness as a Joint Powers Authority

### SUMMARY

#### Issues -

- 1) Should the City Council authorize the City Manager to enter into an agreement establishing THE CENTRE for Organization Effectiveness, a Joint Powers Authority between the San Diego County Water Authority and The City of San Diego?
- 2) Should the City Council authorize the City Auditor and Comptroller to allocate the June 30, 2000 CENTRE Fund 41700 fund balance as follows: a) \$50,000 to the Joint Powers Authority for initial operating capital; b) \$210,000 to the Joint Powers Authority for prepayment of contractual services to the City for the next three years; and c) the balance to the General Fund?

#### Manager's Recommendation -

- 1) Authorize the City Manager to enter into an agreement, with a ninety day implementation period, establishing THE CENTRE for Organization Effectiveness as a Joint Powers Authority between the San Diego County Water Authority and the City of San Diego.
- 2) Authorize the City Auditor and Comptroller to allocate the June 30, 2000 CENTRE Fund 41700 fund balance as follows: a) \$50,000 to the Joint Powers Authority for initial operating capital; b) \$210,000 to the Joint Powers Authority for prepayment of contractual services to the City for the next three years; and c) the balance to the General Fund.

## Fiscal Impact -

Approximately \$360,000, the existing CENTRE Fund 41700 fund balance as of June 30, 2000 will be allocated as follows: \$260,000 will be transferred to the Joint Powers Authority - \$50,000 for initial operating capital and \$210,000 for prepayment for contractual services to the City over the next three years. The General Fund will retain the balance of approximately \$100,000.

## BACKGROUND

In November, 1993, the City Council authorized the City Manager to establish an entrepreneurial venture called THE CENTRE for Organization Effectiveness to develop, market, distribute, and publish organization development, management development, training, and other products and services for this region. Since that time, THE CENTRE has grown to become a nationally recognized resource to improve the management of organizations in the San Diego region as well as other parts of the country.

## DISCUSSION

When City Council authorized the creation of THE CENTRE in November, 1993, the City Manager agreed the spin THE CENTRE off into a new structural entity after five years of operation. It is now time to create that new structure and acknowledge the growth and success of this entrepreneurial venture.

THE CENTRE'S vision is to raise the caliber of leadership in the region through academies, forums and seminars, facilitation and consulting services by offering management development, organization development, and specialized training to municipalities, municipal agencies, special districts, nonprofit and private organizations. THE CENTRE has successfully filled a void in this region for these services given its unique understanding of the public sector.

Trademark CENTRE products and services include:

- The Executive Institute
- The Regional Management Academy
- The Supervisor's Academy
- Organization Development Consulting
- Facilitation for Boards and Executive Teams
- Diversity Education Sessions
- The Competency Instrument
- The Field Supervisor's Academy
- The Regional Field Supervisor's Academy
- The Regional Office Professional Academy
- Community Forums/Seminars on topical issues

These services have created a growing market and the need for a new business structure. Both the City of San Diego and THE CENTRE have mutually determined that it is in both their best interests to create THE CENTRE as a separate entity. Both parties desire to accomplish this in a

fair and equitable manner so that THE CENTRE can continue to operate efficiently and effectively and the City can continue to receive services.

The City Manager proposes the means of accomplishing this is through the creation of a Joint Powers Authority (JPA). The initial members of the JPA will be the City of San Diego and the San Diego County Water Authority. Action on this item is scheduled on the San Diego County Water Authority agenda of September 28, 2000.

### **Membership in Joint Powers Authority**

The City's membership in the Joint Powers Authority will be accomplished in the following manner: The fund balance in the City's existing CENTRE Enterprise Fund at June 30, 2000 was approximately \$360,000 comprised of \$176,000 in cash and the residual in accounts receivable. The existing City Fund 41700 for THE CENTRE will be closed out and reallocated as of June 30, 2000.

The City will allocate \$50,000 to the Joint Powers Authority to provide operating capital. Upon dissolution of THE CENTRE, the City will receive a share of any money on hand proportionate to the contributions made by all parties to the Joint Powers Authority Agreement at the time of dissolution.

The City will allocate \$210,000, including cash and receivables, to THE CENTRE for contractual services to be received over the next three years beginning with July 1, 2000 through June 30, 2003. This prepayment would entitle the City to a 15% discounted rate for the delivery of specified contractual services. Since THE CENTRE currently operates as an enterprise fund without General Fund support, with the transfer of these funds, in effect, the City will receive three years worth of services at no real cost. The City will allocate the remaining residual equity comprised of cash or receivables to the General Fund. The City will also sell the existing CENTRE assets to THE CENTRE at the City's net book value.

### **Prepaid Contractual Services**

The City will receive up to \$70,000 in prepaid contractual services from THE CENTRE in each of the three fiscal years, and allowable services will be provided at the 15% discounted preferred member rate. Allowable services include the following:

#### Open Enrollment Academies

Allocation of a specific number of training slots in any of the training programs offered by THE CENTRE during any given year, including the Regional Management Academy, the Regional Office Professional Academy, and the Images of Leadership Series.

#### General Consulting Services

30 days per year of consulting services which may be used to cover any of the following services at the City's discretion:

Executive coaching for top executive staff, including Deputy City Managers and Directors.  
Career development consulting services for all City departments/employees  
Consulting services for the City Council  
Serving as a Resource Center for referral of speakers and consultants  
Design and delivery of content specific presentations of 1 to 4 hours to City staff (e.g. "Risk Taking", "Demographics of the Future", and "Current Issues in the Public Sector" put on by current CENTRE staff)

THE CENTRE will provide monthly statements to the City detailing allowable services which have been provided and retainer balances remaining.

### CONCLUSION

The JPA arrangement would provide continuity of services for the City of San Diego and an excellent financial arrangement of reduced priced services. This arrangement will also benefit the region in that THE CENTRE will have the flexibility to run as a business entity separate from the City of San Diego in order to serve all organizations in the region without limits or liabilities to the City.

### ALTERNATIVE

Do not approve the above recommendations.

Respectfully submitted,

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Peggy Hanley  
Co-Director  
The CENTRE for Organization Effectiveness

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Approved: Patricia T. Frazier  
Deputy City Manager

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Trudy Sopp  
Co-Director  
THE CENTRE for Organization Effectiveness